

DEPARTMENT OF STATE REVENUE

Information Bulletin #204

Income Tax

March 2023

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(Replaces Bulletin #204, dated October 2021)

SUBJECT: County Innkeeper's Taxes**REFERENCES:** [IC 6-2.5](#); [IC 6-9-1](#); [IC 6-9-2](#); [IC 6-9-2.5](#); [IC 6-9-3](#); [IC 6-9-4](#); [IC 6-9-6](#); [IC 6-9-7](#); [IC 6-9-8](#); [IC 6-9-9](#); [IC 6-9-10](#); [IC 6-9-10.5](#); [IC 6-9-11](#); [IC 6-9-14](#); [IC 6-9-15](#); [IC 6-9-16](#); [IC 6-9-17](#); [IC 6-9-18](#); [IC 6-9-19](#); [IC 6-9-29](#); [IC 6-9-32](#); [IC 6-9-37](#); [IC 6-9-45.6](#); [IC 6-9-53](#)

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SUMMARY OF CHANGES

Only nonsubstantive, technical changes have been made to this bulletin. It has been primarily changed to reflect updated formatting.

I. INTRODUCTION

The purpose of this bulletin is to describe the application of county innkeepers' taxes. A county innkeeper's tax is generally intended to be imposed on the rental of "transient" (i.e., "sleeping") rooms or spaces for periods of less than 30 days in a specified establishment in the county. Counties in Indiana have the statutory authority to impose an innkeeper's tax either under the uniform innkeeper's tax chapter or under a chapter specific to their county.

County innkeeper's tax **does not** apply to gross income received in a transaction in which a person rents a room, lodging, or accommodation for a period of 30 days or more. Nor does the tax apply to the gross income received in a transaction in which a student rents lodgings in a college or university residence hall while that student participates in a course of study for which the student receives college credit from a college or university located in the county.

II. APPLICATION OF INNKEEPER'S TAXES UNDER THE UNIFORM CHAPTER

The uniform innkeeper's tax statute provides that the fiscal body of a county may impose an innkeeper's tax on those engaged in the business of renting or furnishing, for periods of fewer than 30 days, any room or rooms, lodgings, or accommodations in any hotel, motel, boat motel, inn, college or university memorial union, college or university residence hall or dormitory, or tourist cabin located in the county. Accommodations that fall within these seven categories include bed and breakfast establishments, resorts, ranches, and villas. Additionally, beginning July 1, 2019, the rental or furnishing of rooms, lodgings, or other accommodations in a house, condominium, or apartment that are furnished for consideration for less than 30 days is also subject to innkeeper's tax (except in the case where the exemption discussed in Section IV applies).

In general, innkeeper's tax under the uniform chapter is imposed and administered in the same manner as the sales tax. For example, transactions not subject to sales tax, such as where there is no consideration exchanged for the room, also are not subject to innkeeper's tax. Indeed, all of the provisions related to rights, duties, liabilities, procedures, penalties, definitions, exemptions, and administration of sales tax under [IC 6-2.5](#) are applicable to the imposition and administration of the innkeeper's tax except to the extent those provisions are in conflict or inconsistent with specific provisions enacted under the innkeeper's tax statutes or the requirements of a county treasurer. This means that sales tax exemptions for nonprofits or governmental entities and instrumentalities also applies to a county innkeeper's tax. With regard to any exemption for governmental agencies or instrumentalities, a sale will only qualify for exemption if it is billed directly to the relevant governmental agency or entity. If the lodging is billed directly to an individual, no exemption will apply, even if the individual is subsequently reimbursed by the governmental agency or entity. Please refer to Sales Tax Information Bulletins 4, 10, and 41 for further information on how the sales tax exemptions for government entities and nonprofits apply in the context of the short term rental of accommodations, available online at in.gov/dor/legal-resources/tax-library/information-bulletins/sales-tax-information-bulletins/.

III. APPLICATION OF INNKEEPER'S TAXES OUTSIDE THE UNIFORM CHAPTER

Twenty counties have authority apart from the uniform chapter to impose innkeeper's taxes. Those counties are Allen, Brown, Clark, Elkhart, Floyd, Hendricks, Jackson, Jefferson, Knox (effective July 1, 2019), Lake, LaPorte, Madison, Marion, Monroe, St. Joseph, Tippecanoe, Vanderburgh, Vigo, Wayne, and White. Provisions enacted by ordinance in these counties may differ slightly from county to county and from the uniform statute. For instance, more (or in some cases, fewer) types of accommodations may be subject to innkeeper's tax in a particular county than the seven accommodations specified in the uniform chapter.

However, all counties generally tax the rental or furnishing for less than 30 days of rooms, lodgings, or accommodations in hotels, motels, and inns. Additionally, as of July 1, 2019, all counties tax the rental or furnishing of rooms, lodgings, or other accommodations in a house, condominium, or apartment that are furnished for consideration (except in the case where the exemption discussed in Section IV applies), even if the particular chapter permitting an innkeeper's tax for a particular county does not mention these types of accommodations specifically. Whether a county taxes other types of accommodations depends on the specific chapter authorizing their tax, so it is important to refer to that chapter when determining whether the rental of an accommodation is taxable within a particular county. Depending on the county, types of accommodations may include (but are not limited to):

- Cottages, tents, or fixed trailers
- Houseboats and other craft with overnight facilities
- Campsites, regardless of whether any amenities, such as water or electricity, are included
- Space in camper parks and trailer parks where spaces are offered for rent for periods of fewer than 30 days

However, all of the chapters in the Indiana Code authorizing the adoption of these taxes contain the clause described in Section II above that states that the taxes are administered and imposed in the same manner as the sales tax, which means that the sales tax exemptions described above also applies to the taxes in these counties. Taxpayers with questions related to the innkeeper's tax imposed in these counties should refer directly to the specific authorizing statute and ordinance imposing the tax.

In addition, the state has imposed a supplemental innkeeper's tax on the rental of rooms, lodgings, and accommodations in any historic hotel as defined under [IC 4-33-2-11.1](#). This tax is collected by the state and is in addition to any Orange County Innkeeper's Tax otherwise imposed.

IV. COLLECTION OF INNKEEPER'S TAXES

Regardless of whether the tax is imposed by authority of the uniform chapter or a specific chapter, innkeeper's taxes are collected by a retail merchant (i.e., the innkeeper) or a marketplace facilitator (meaning a business that connects sellers to purchasers by use of the business's marketplace and facilitates the sales of the seller's products in Indiana through the marketplace, such as an online travel company (OTC) or a peer to peer property rental application). When the accommodation is a personal residence (such as a house, apartment, or condominium), the homeowner has the responsibility to collect the innkeeper's tax if they are not renting the property through a marketplace facilitator and they do not qualify for the exemption for casual renters. For more information on marketplace facilitators, please refer to Sales Tax Information Bulletin #89, available online at in.gov/dor/legal-resources/tax-library/information-bulletins/sales-tax-information-bulletins/.

Innkeeper's taxes are remitted to the Indiana Department of Revenue unless the county that enacted the tax by ordinance requires the taxes to be remitted to the county treasurer. If the tax is remitted to the department, the innkeeper will need to register their business online by visiting the State of Indiana's INBiz website, which allows businesses to register with multiple state agencies, at inbiz.in.gov. The merchant will then remit innkeeper's taxes monthly via the Indiana Taxpayer Information Management Engine (INTIME), the department's online e-services portal for filing returns and making payments, which can be accessed at intime.dor.in.gov. If the accommodation is rented through a marketplace facilitator, it is the marketplace facilitator that is required to collect any applicable innkeeper's tax. Unlike innkeepers, marketplace facilitators are required to remit all innkeeper's taxes to the department, regardless of whether a county ordinance requires the tax be remitted to the county. Marketplace facilitators must also register to collect innkeeper's taxes by using INBiz, and any innkeeper's tax collected for any county must be remitted to the department via INTIME.

Innkeeper's taxes collected at the county level must be paid monthly and reported on forms approved by the county treasurer. Questions related to taxes collected at the county level should be directed to the adopting county's auditor or treasurer.

Upon request by the department or a county, marketplace facilitators are required to provide information listing the tax it collected on behalf of each of its sellers for the period specified by the requesting entity (in the case of a

county, for only the innkeeper's tax collected for transactions occurring within the subdivision). If the department requests the information, the department may only share information with the county where the transactions occurred.

NOTE: Elkhart County imposes the tax on businesses who operate hotels, motels, inns, or tourist cabins with 30 or more rooms for rent. If the hotel, motel, inn, or tourist cabin has 29 rooms or less for rent, the innkeeper's tax is **not** imposed; however, this limitation does not apply to rooms or lodgings in a house, apartment, or condominium, so tax must still be collected regardless of the number of rooms rented or furnished in the house, apartment, or condominium. Clark County was previously listed as having a 30-room minimum on the department's website. However, that minimum room threshold is no longer applicable.

NOTE: Carroll County imposes a room threshold for the county before the tax is imposed. Unless all rooms in all accommodations in the county, including rooms or lodgings in a house, condominium, or apartment, reaches that maximum, the tax will not be collected by a retail merchant or marketplace facilitator. At this time, Carroll County has not met the room threshold. Thus, the tax should not be collected.

V. EXEMPTION FOR CASUAL RENTERS

Beginning July 1, 2019, the owner of a house, condominium, or apartment that is the owner's primary personal residence may rent or furnish rooms, lodgings, or other accommodations in that residence exempt from sales tax (and any applicable county innkeeper's tax) if the following conditions are met:

- At least one owner of a house, condominium, or apartment maintains the house, condominium, or apartment as the owner's primary personal residence;
- The owner rents or furnishes rooms, lodgings, or other accommodations in the residence for fewer than 15 days in the current or preceding calendar year;
- None of the payments for the rooms, lodgings, or other accommodations at the residence are made through a marketplace facilitator; and
- The rental or furnishing of the rooms, lodgings, or other accommodations qualifies for the special rule for certain use under Section 280A(g) of the Internal Revenue Code, which provides an exemption from federal income tax when a primary residence is rented for fewer than fifteen days.

For more information concerning this exemption, please refer to Sales Tax Information Bulletin #41.

VI. INNKEEPER'S TAXES BY COUNTY

The department maintains a list of current innkeeper's tax rates and collection points at [in.gov/dor/business-tax/tax-rates-fees-and-penalties/county-innkeepers-tax/](https://www.in.gov/dor/business-tax/tax-rates-fees-and-penalties/county-innkeepers-tax/). Please keep in mind that when collected by a marketplace facilitator, the innkeeper's tax is **always** paid to the department for distribution back to the county.

If you have any questions concerning this bulletin, please contact the Tax Policy Division at taxpolicy@dor.in.gov.

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Commissioner

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